

***PLEASE NOTE: Since the Glendale City Council does not take formal action at the Workshops, Workshop minutes are not approved by the City Council.**

**MINUTES
CITY OF GLENDALE
CITY COUNCIL WORKSHOP
March 27, 2007
1:30 p.m.**

PRESENT: Mayor Elaine M. Scruggs, Vice Mayor Manuel D. Martinez, and Councilmembers Joyce V. Clark, Steven E. Frate, David M. Goulet, Yvonne J. Knaack, and H. Phillip Lieberman

ALSO PRESENT: Ed Beasley, City Manager; Pam Kavanaugh, Assistant City Manager; Craig Tindall, City Attorney; and Pamela Hanna, City Clerk

1. FISCAL YEAR 2007-08 BUDGET: 1ST WORKSHOP

CITY STAFF PRESENTING THIS ITEM: Ms. Sherry Schurhammer, Management and Budget Director and Mr. Art Lynch, Deputy City Manager. Police Chief Steven Conrad and Fire Chief Mark Burdick also presented portions of this item.

This is a request for the City Council to review the two budget scenarios explained in the City Manager's memo included in the workbook containing the City Manager's recommended budget for Fiscal Year (FY) 2007-08.

This is also a request to review the recommended FY 2007-08 supplemental requests for the following departments, work groups, and areas:

- Police Department
- Fire Department

This item incorporates the Council's strategic goals and key objectives, while ensuring the city's financial stability by presenting realistic analyses about the provision of city services and future revenue expectations.

Both budget scenarios address the Council's strategic goals and key objectives with public safety for our residents and visitors as the highest priority. Other Council priorities that provide benefit to the community also have been addressed in both scenarios.

Two budget scenarios are being presented for review and evaluation. Both budget scenarios are financially balanced as required by Arizona state law and are fiscally

responsible. Both include a cushion above the required contingency amount to provide the Council with flexibility to address unexpected issues that might arise during the course of FY 2007-08.

For both budget scenarios, the starting point for the FY 2007-08 base budget is the current fiscal year's base budget. One-time appropriations and credits for the staggered hiring of new staff are removed. By removing these credits, the full cost of the positions added as part of the FY 2006-07 budget is reflected in the FY 2007-08 base budget. The FY 2007-08 base budgets (and carryover requests) for the departments are contained in the Appendix section of the council budget workbook.

The starting point for the FY 2007-08 transfer budget is the current fiscal year's transfer budget. One-time appropriations are removed as with the base budget. Some items in the transfer budget include known changes that must be accommodated. One such item is related to debt service for municipal property corporation (MPC) bonds that is covered by the General Fund (GF) operating budget. Based on the payment arrangements agreed upon when the MPC bonds were sold, there may be increases or decreases to the annual debt service payments for various projects. These changes are built into the transfer budget for the upcoming fiscal year.

The total amount of additional GF ongoing capacity available for FY 2007-08 supplemental requests, after accounting for changes in the base and transfer budgets, is approximately \$12.5 million for both scenarios.

There are several priority supplemental requests that are important to fund on an ongoing basis. For example, new capital amenities that attain the Council's strategic goals will be opening later this spring/summer or sometime in the next fiscal year and, therefore, the operating and maintenance costs of those new amenities must be covered.

The GF ongoing priority supplemental requests to be covered first by the \$12.5 million in additional GF ongoing capacity are summarized below. These ongoing supplemental requests are funded under both budget scenarios and are found in the "Priority Items" tab of the budget workbook (pages 2-23).

PS Training Facility Operations*	\$1,213,892
Media Center/Convention Center/Parking Garage Operations (page 3)	\$1,326,840
Downtown Beautification/Promotion (page 21)	\$328,739
Downtown Parking Garage (page 5)	\$156,400
Stadium Activities (after revenue offsets) (pages 185-205)	\$1,952,673
Fuel Increases (page 19)	\$370,000
Total Compensation (page 9)	\$3,947,355
Health Benefits Increase (page 13)	\$661,000
Retirement Increases (page 11)	\$236,231

Subtotal	\$10,193,130
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The additional staffing and related items required for the operation of the PS Training Facility were presented to the Council at the February 27, 2007, evening meeting. This item is not presented as a supplemental request and is shown here only to illustrate that these ongoing GF costs are included in the FY 2007-08 operating budget.

The one-time priority supplemental requests are also included in the "Priority Items" tab (pages 24 – 51). These requests do not impact the \$12.5 million in GF ongoing capacity.

Scenario 1

The remaining \$2.3 million in GF ongoing capacity is allocated as follows in Scenario 1:

- \$1,476,000 is allocated for Police (plus \$2,184,000 one-time funds.)
- \$569,000 is allocated for Fire (plus \$1,223,000 one-time funds.)
- \$291,000 is allocated for other GF departments to address additional Council goals (plus \$53,000 one-time funds.)

This scenario allocates a total of approximately \$2 million in GF ongoing capacity to address the Council's goal of one community focused on public safety for citizens and visitors. The funding would be used to:

- Add positions for Police and Fire.
- Address increasing costs occurring in base budget items such as prisoner maintenance, vehicle repairs, supplies and equipment (forensics chemicals, crime scene equipment, etc) and the computer-aided dispatch (CAD) contract with the City of Phoenix.

This scenario also allocates a total of \$899,000 additional Public Safety (PS) sales tax ongoing capacity to address the Council's goal of one community focused on public safety for citizens and visitors.

The total number of additional public safety positions funded under Scenario 1 is as follows:

- 14 positions for Police (five paid from the GF and nine paid from the PS sales tax fund), which is consistent with the annual average number of officers added over the last few years
- Six positions for Fire (three paid from the GF and three paid from the PS sales tax fund)

Under this scenario, the implementation timeframe for the Police and Fire needs assessment reports is unknown. Fluctuations in economic conditions, as well as the opening of additional capital projects such as the new court facility, will influence the number of years it would take to implement the Police and Fire needs assessments. In addition, the implementation timeframe would be impacted by other demands on additional GF ongoing capacity such as cost increases for electricity, fuel, and rising costs for health benefits and retirement contributions.

The remaining \$291,000 in GF ongoing capacity is allocated as follows in Scenario 1 to address additional Council goals:

- Add a new signature special event called Fiesta Glendale that speaks to the Council's goal of a vibrant city center;
- Add one special events position to continue the high level of service expected in implementing the city's signature events that, by drawing hundreds of thousands of visitors to downtown Glendale, address the Council's goal of a vibrant city center;
- Add two Code Compliance inspectors to address the Council's goal of strong neighborhoods; and
- Continue with the neighborhood focus program on an ongoing basis to address the Council's goal of strong neighborhoods.

This scenario also allocates a total of approximately \$6.7 million in GF one-time capacity to address the Council's goals.

- Approximately \$3.4 million would be allocated for public safety to address one-time costs associated with adding positions and to address some of the base budget cost increases mentioned earlier, as well as overtime costs for emergency medical services (EMS), fire station building repairs and maintenance, and the purchase of additional vehicles and equipment for police staff.
- Approximately \$53,000 would be allocated for the one-time expenses associated with the addition of one special events position and two code compliance inspectors.
- Approximately \$3.2 million would be allocated to address other Council goals. These one-time priority supplemental requests are included in the "Priority Items" tab (pages 24 – 51) of the Budget Workbook. Some examples are provided below:

- \$700,000 for the Neighborhood Improvement Grants program and \$32,000 for implementation of neighborhood revitalization strategies, both of which address the Council's goal for strong neighborhoods;
- \$1.3 million for contractual building inspectors that address the Council's goal for high-quality city services; and
- \$105,000 for the annual contract with the Greater Phoenix Economic Council to address the Council's goal of quality economic development.

Scenario 2

A second scenario was developed to address the Council's stated desire to implement the public safety needs assessments over a three to four-year period. The second scenario relies on an adjustment to the existing public safety sales tax rate.

This scenario assumes all Police and Fire supplemental requests would be funded with additional public safety sales tax funds raised as a result of adjusting the existing public safety sales tax rate from 1/10th of one cent (0.1) to one-half of one cent (0.5), an increase of 4/10ths of one cent.

A 4/10ths of one cent increase equates to an additional 4 cents on every \$10.

In terms of revenue generated, the existing 0.1 rate is expected to generate about \$5.6 million in FY 2007-08, whereas a 0.5 rate is expected to generate about \$28.1 million. The additional \$22.5 million in revenue would be allocated solely to address public safety supplemental requests.

Consequently, this scenario allocates more resources to substantially strengthening public safety services and, therefore, accommodates implementation of the Police and Fire needs assessments over a three-to-four-year period. A summary comparison of the two scenarios is provided below.

- Under Scenario 1, a total of 20 new positions could be allocated to the Police and Fire Departments.
- Under Scenario 2, a total of 67 new positions could be allocated to the Police and Fire Departments.

The public safety supplemental requests funded are found in the "Police" and "Fire" tabs of the budget workbook, pages 52-123 and 124-181 respectively.

As a result of funding Police and Fire supplemental requests with the public safety sales tax funds, this scenario provides 22.5 new positions for other GF departments to address critical needs in providing support services to the Police and Fire Departments and other valuable city services.

The supplemental requests that could be funded for other GF departments are found in the “General Fund” tab of the budget workbook, pages 357-426.

Glendale’s public safety sales tax rate of 1/10th of one cent (0.1) was implemented in 1994 after a voter-initiated ballot proposition was approved. This rate has not changed in 13 years.

The allocation of public safety sales tax funds was specified in the voter-initiated proposition, with 2/3 allocated to Police and 1/3 allocated to Fire. The purpose of the public safety sales tax was stated as:

- Reducing response times and protecting neighborhoods by implementing community-based policing, combating gangs and violent crime, and providing backup for officers in dangerous situations; and
- Improving fire protection and EMS by reducing response times.

Currently there are 33 police positions (23 officers, 6 detention officers, and 4 police communications specialists) and 18 fire positions (14 firefighters and 4 fire engineers) charged to the public safety sales tax funds.

Four other valley cities have a public safety sales tax. A comparison of those rates and the revenue generated in FY 2005-06 is shown in the following table.

CITY	RATE	FY2005-06
Phoenix	2.10* effective 1993, 2005	\$49.4M
Mesa	.25 effective 2006	\$13.3M
Scottsdale	.10 effective 2004	\$9.97M
Avondale	.50 effective 2003	\$6.4M
Glendale	.10 effective 1994	\$4.6M

* Phoenix has two taxes that are designated for public safety. One is a 0.1 component of the city’s general sales tax rate and became effective in 1993. The other is a 2.0 city sales tax on the utilities with franchise agreement and became effective in 2005. It should be noted that Phoenix is considering an increase to its public safety sales tax component, although it has not issued an official confirmation.

The election results for implementation of a public safety sales tax in Glendale and other valley cities are shown in the following table.

ELECTION RESULTS FOR IMPLEMENTATION OF PUBLIC SAFETY SALES TAX

CITY	DATE	VOTE	PERCENT	NUMBER
Glendale	3/15/1994	YES	79.31%	4,400
		NO	20.69%	1,148
Avondale's Proposition 400	9/9/2003	YES	77.34%	2,706
		NO	22.66%	793
Mesa's Question 1	5/19/1998	YES	56.46%	14,918
		NO	43.54%	11,502
Scottsdale's Question 3	5/18/2004	YES	62.80%	19,825
		NO	37.20%	11,742
Phoenix's Proposition 301	10/5/1993	YES	74.52%	117,000
		NO	25.48%	40,000

As Glendale continues to expand its reputation as a sports and entertainment destination market for Arizona and points beyond, the opportunity to attract more visitors greatly increases. Increased tourism in Glendale will directly result in more public safety sales tax dollars to the city. Increased tax revenue will directly contribute to and supplement services provided to the community, including public safety funding.

Some of the marquee national events that Glendale will host include the annual Fiesta Bowl events, the 2008 Super Bowl events, and the periodic Bowl Championship Series events, all of which will draw visitors from across the country. Other features of the sports, entertainment, and retail destination market include Westgate, Cabela's, and the Arrowhead regional mall, all of which are already drawing visitors from outside the Glendale community. These destination points also include significant office space that brings employees from outside of Glendale who are likely to shift a portion of their spending to areas near their respective employer.

The current general city sales tax rates of Glendale and other valley cities are shown in the following table.

General City Sales Tax Rates

City	Rate
Avondale	2.50%
Surprise	2.20%
Goodyear	2.00%
Glendale, Peoria, Phoenix, Tempe	1.80%
Mesa	1.75%
Scottsdale	1.65%

The Budget Workbook containing the City Manager's recommended budget for FY 2007-08 was delivered to the Mayor and Council on Wednesday, March 14, 2007.

Glendale's budget is an important financial, planning and public communication tool. It gives residents and businesses a clear and concrete view of the city's direction for public services, operations and capital facilities and equipment. It also provides the community with a better understanding of the city's ongoing needs for stable revenue sources to fund public services, ongoing operations and capital facilities and equipment.

The budget provides the Council, residents and businesses with a means to evaluate the city's financial stability.

All budget workshops are open to the public and are posted publicly per state requirements.

Future budget workshops are scheduled as follows:

- April 3, 8:30 a.m. – 12:00 p.m. and 1:30 p.m. – 5:00 p.m.
- April 10, 1:30 p.m. – 5:00 p.m.

If additional time is needed for budget workshop discussion, a tentative budget workshop is scheduled for April 17, 1:30 p.m. – 5:00 p.m.

Today's workshop is for information only. Decisions on the proposed budget will not be requested until the final balancing workshop, scheduled for April 3, 2007.

Ms. Sherry Schurhammer, Management and Budget Director, said two budget scenarios would be presented regarding the General Fund. She explained that both scenarios are financially balanced, fiscally prudent, and consistent with sound financial management practices. She also said the two scenarios address Council's strategic goals and key objectives because Council's strategic goals were the foundation for prioritizing the General Fund supplemental requests, with the highest priority given to public safety. She said both scenarios also address additional Council goals that benefit the community, as well as several new capital facilities that help attain Council's strategic goals. She explained that no decisions were needed until the final budget meeting in April.

Ms. Schurhammer said the starting point for both scenarios was the \$12.5 million of additional General Fund ongoing capacity available to fund supplemental requests. She said the ongoing priority supplemental requests totaled \$10.2 million, which meant \$2.3 million was left to address other General Fund supplemental requests.

Vice Mayor Martinez asked about the health benefit and retirement increases which didn't appear to be listed. Ms. Schurhammer said that topic will be covered in the total compensation discussion scheduled for the April 10 budget workshop.

Ms. Schurhammer summarized the General Fund priority supplementals that total \$10.2 million. These supplementals included ongoing operating costs for new capital amenities such as the public safety training facility, downtown parking garage and the convention/media center/parking garage in the west area. The priority supplemental for downtown beautification and promotion addresses Council's strategic goal related to a vibrant city center. Other priority supplementals included ongoing costs related to city services provided for ongoing stadium activities, fuel cost increases and total compensation.

Mayor Scruggs had questions on pages three and four related to the supplemental requests for the convention/media Center/parking garage. She conveyed concerns regarding the ongoing requested amount of \$853,300 for a management contract that Council had not yet approved. She also added that she saw no revenue offset.

Mr. Art Lynch, Deputy City Manager, highlighted the background on the project. He stated that one of the Council's goals was to bring a four star hotel destination development to the city. He said one of the benefits of such a project would be the revenues to fund city services, as well as citizens being able to enjoy the amenities that a four star hotel would bring. He explained that the start up funding was significant for this type of venture; however, it was similar to other facilities around the country. He said the revenue and expense numbers were comparable to facilities in other parts of the country.

Mr. Lynch discussed the impact the facility would bring to Glendale. He stated that they had invested \$150 million in assets. The hotel was a 12-story, 320-room luxury hotel that will be in excess of \$75 million. He noted that the city was not investing anything in the building of the hotel but will receive revenues from tax receipts that would be generated. He said the other facilities [convention center, media center, and parking garage] were city owned. He said the negotiations, as of now, would require the contract manager to pay 30% of the debt service for the facilities. He said the management contracts will be presented to Council for review when the terms are finalized. He said proposals from other management companies that run conference centers, hotels, and other similar facilities have been obtained in order to compare costs. He said the costs reflected in those proposals were far higher than Mr. Hammond's proposed cost. He said the costs brought forth today were estimates based on ongoing negotiations and could be adjusted to reflect any changes that might occur.

Mayor Scruggs asked about the start up cost of \$3.6 million. Mr. Lynch said there were start-up fees and operating expenses for all of the publicly owned facilities. Mayor Scruggs asked for further clarification on the start-up costs. Mr. Lynch stated that there were monthly operating and maintenance costs. Mayor Scruggs asked if Mr. Hammonds would incur any of the costs listed on page four. Mr. Lynch responded yes.

Mayor Scruggs asked if the projections of \$2.3 million in revenues were the projections of the total revenue that would be coming in for FY 2007-08. Mr. Lynch said the

revenues would be generated by rental of the conference center, other space rental, food and beverage services, parking fees, and media center rentals, with the revenues to be allocated based on the proposed percentages. Mayor Scruggs asked if Mr. Hammonds would receive all of the hotel revenues while the city would receive lodging and sales tax only. Mr. Lynch said she was correct. He said the sales tax revenues would be generated from many different areas.

Mayor Scruggs said she needed clarification on who would receive the majority of the revenue and how would it be allocated. She said the contract with Mr. Hammonds states the city would be paying his firm \$853,000 a year for hotel management. Mr. Lynch said the proposal under discussion would split revenues so that 40% of food and beverage receipts would go to the city while 60% would be allocated to pay management contract fees. He said the anticipated revenue of \$2.3 million would be applied towards the \$3.6 million in total cost. He added that the \$853,000 management contract figure included custodial, utilities, as well as other cost for operations.

Mayor Scruggs inquired if the \$1.3 million in the supplemental request accounts for all of the revenues and costs associated with running the facilities. She asked if this figure had the potential to grow in the coming years. Mr. Lynch stated that traditionally the numbers will shrink as a function of the facility opening and operating.

Mayor Scruggs asked if the contract prepared with Mr. Hammonds was structured to have a lower expense in the beginning or will it be escalating each year. Mr. Lynch said that it should stay consistent other than when salaries, wages and utilities are being adjusted.

Councilmember Clark needed clarification regarding information on page three. She said the supplemental states that \$845,000 in ongoing funds were allocated in the FY 2006-07 budget to cover six months of operations. She asked if the \$1.7 million figure [in the first paragraph of the supplemental request on page three] was the estimated contract with Mr. Hammonds. Mr. Lynch stated that the \$845,000 referenced in the written description of the supplemental represents the cost for operating those facilities for 6 months of this year because it did not open until mid fiscal year. The \$845,000 was approved as part of the FY 2006-07 budget. Councilmember Clark asked if the supplemental request was in addition or part of the \$2.17 million figure that Mr. Lynch mentioned earlier. Mr. Lynch stated that it was part of the figure. Mr. Lynch clarified that the information had been updated as an annual operating basis. He noted that the \$1.3 million requested in the supplemental for the FY 2007-08 budget was actually the remaining net amount needed to operate the facility.

Mayor Scruggs asked if they would need an additional \$853,000 because of it being funded for only half a year. Mr. Lynch clarified that the operating revenues for FY 2007-08 would be \$2.3 million, with expenses being \$3.6 million, for a difference of \$1.3 million. He estimated that in 2009 the revenues would go up to \$2.5 million with the expenses being \$3.9 million.

Councilmember Clark inquired if the \$1.7 million on page three was included in the \$3.6 million toward the Hammonds contract. Mr. Lynch stated that those costs were included.

Mayor Scruggs was still uncertain on the figures being presented for FY 2008-09. She said the cost of \$1.7 million, which was given for all management contracts, seems a very low estimate with it only going up \$300,000 over the cost in FY 2007-08, which was half a year's projection. Mr. Lynch stated that the \$3.6 million was for a full operating year. He noted that the confusion stems from the supplemental being written two months ago whereas the information he is presenting today represents an update based on the current contract negotiations.

Mr. Lynch said the facilities would open at the end of August or September. Mayor Scruggs said she was skeptical that both would open in September. Mayor Scruggs was still not satisfied with the management contract not showing \$1.7 million for a full year as stated on page three. Mr. Lynch said he will bring in the actual comparative cost for them to review. He reiterated that the numbers in the supplemental request represent earlier estimates that do not reflect current negotiations.

Councilmember Lieberman stated that he too was confused with the numbers presented today.

Ms. Schurhammer continued her presentation. She said they started with \$12.5 million in additional General Fund ongoing capacity. Once \$10.2 million for priority supplementals was subtracted from that amount, the remaining ongoing capacity in the general fund was \$2.3 million.. Under scenario one, \$2 million [of the \$2.3 million] was allocated to public safety to address base budget needs in both police and fire, with the remaining \$291,000 allocated to address additional Council goals.

Police Chief Steven Conrad stated that scenario one allows his department to address critical base budget needs and add 14 new employees. He referenced several of the department's supplemental requests. He said he believes scenario two addresses the department's needs more completely.

Councilmember Goulet asked how needs were addressed under any scenario when the assessment implementation time line was stated as being unknown in the city manager's memo of the budget workbook. Chief Conrad said staff is not able to make any kind of projection for implementation under scenario one because it relies on growth in General Fund revenues that also must fund other needs in the city. Chief Conrad said the number of additional positions would be based on the resources available.

Mayor Scruggs asked how many people would have to be replaced due to attrition in FY 2007-08. Chief Conrad said the department loses 24 sworn officers and 20 non-sworn officers a year based on the average attrition rate of the past few years. Mayor Scruggs said he would be able to hire 14 new police officers under scenario one; however, in reality 38 would be hired to replace the 24 that would be lost. She said the chief's

assessment noted that 310 people had applied but only 30 people were hired. She asked Chief Conrad to explain how the department would recruit more people given the attrition rate and the addition of new positions.

Chief Conrad said his department is always looking for new ways to recruit because of the fierce competition between cities here in the valley. He said the hiring pool was very limited so he was expanding the department's recruiting efforts to focus not only regionally but nationally. He said his department would attempt to attract officers from other cities as lateral transfers, which means they would be on the street more quickly than someone who had to be fully trained as a new officer.

Chief Conrad also stated he is looking into signing bonuses. Mayor Scruggs commented that he had spoken publicly against the policy. Chief Conrad noted that he had because it might create problems related to the compression of pay levels, however he would let the unions address those issues if they develop. He added that in order to meet the hiring goals he needs to look at all alternatives for filling positions.

Vice Mayor Martinez said he was glad Chief Conrad was considering signing bonuses. He said other cities in the valley have signing bonuses and Glendale should have them in order to stay competitive. He asked Chief Conrad about recruiting nationally and thought that Glendale was already doing so. Chief Conrad said the department is doing so on a limited basis, but not to the extent he was proposing.

Vice Mayor Martinez asked about the use of salary savings in the General Fund to fund some of the police department supplemental requests. Ms Schurhammer said good budgeting and financial management practices call for matching ongoing revenue to ongoing expenses. She said salary savings are one time in nature each year as the vacancies that generate the savings would be filled eventually. Therefore, those savings are not guaranteed the following year. She did not recommend tying a one time savings to an ongoing expense. She said the police department uses most of its salary savings to address cost overruns in other areas such as overtime and vehicle maintenance.

Vice Mayor Martinez asked what would happen if there was a considerable surplus of savings. Ms. Schurhammer the savings is returned to the General Fund fund balance to fund one time items in the following year. Vice Mayor Martinez asked about savings in the public safety sales tax funds. Ms. Schurhammer explained that savings in those designated funds are returned to the fund balance of those designated funds. Vice Mayor Martinez said he understands the dynamics but he would like to explore all options before considering a tax increase.

Mayor Scruggs said it was suggested to approve the tax increase as a Council action rather than in an election process because it would be tied in to public safety; however, she was still unclear where the surplus would end up being designated.

Councilmember Lieberman said the police needs assessment called for 57 people for

this year alone. He said the police department needed a total of 99 sworn personnel and 75 non-sworn personnel based on the assessment. He said the Council's job was to help fund the process not to tell them how to recruit. He explained that police is always playing catch up in recruiting. He added he still had not made up his mind on which scenario he would approve. He said he respects and admires Chief Conrad for his dedication. He said it was Council's job to help the City Manager get Chief Conrad what he needed to accomplish what was necessary to control the crime rate in Glendale.

Councilmember Knaack said she would like to get back on track with the information on the scenarios. She asked if the police department would hire a recruiter to help fill positions. Chief Conrad said staff would be in charge of recruitment. He noted it was important to pursue recruitment efforts by presenting a positive image with a diverse work force.

Vice Mayor Martinez said he does not doubt Chief Conrad's assessment process, but is looking for ways to facilitate it becoming a reality. He said the Council had said publicly many times that it considers public safety a top priority. He suggested possibly looking at all programs to see where they might streamline programs instead of only looking to add a sales tax.

Mayor Scruggs stated that she would like to stay on topic for scenario one before beginning scenario two. She also agreed with Vice Mayor Martinez in working to find the best way to fund public safety, which was everyone's top priority.

Ms. Schurhammer introduced Fire Chief Mark Burdick, who started his presentation by thanking the Mayor and Council for their support in the accreditation process. He said the department had passed and it would be good for the next five years. He said the department's scenario one requests address the need for additional core, critical services that the Fire Department provides. He said the needs were related to additional personnel, cost increases for the CAD contract with Phoenix (computer aided dispatch), over time costs for medic units and maintenance for fire station buildings and vehicles.

Councilmember Clark asked if there was a line item for fuel increases. Ms. Schurhammer said this issue was addressed in a priority supplemental. She also said about \$438,000 in ongoing funds and the same amount in one-time funds were built into the current fiscal year's budget to address the fuel issue, and those funds have been allocated to different departments as needed.

Councilmember Lieberman asked for clarification on the \$225,000 request for building maintenance. He said he recalled previously approving monies for this purpose. Chief Burdick said Council had approved \$30,000 in ongoing funds for building maintenance in 2004. However, that amount is not adequate to do large scale repairs that are needed.

Councilmember Lieberman asked how many buildings need major maintenance. Chief Burdick stated that currently they operate nine fire stations. Councilmember Lieberman asked if the smoke trailer was in the vehicle replacement fund. Chief Burdick said that it was not.

Councilmember Goulet asked about the six additional fire positions that would be funded under scenario one. Chief Burdick explained how the additional positions would be used. He also stated his department loses about seven personnel each year due to attrition. He said the department does not have the same recruitment problems as the Police Department. He said the Fire Department typically sees 1,200 applications a year.

Councilmember Lieberman stated that he had gone over the assessment information in detail and believes it is a well thought out plan.

Councilmember Frate congratulated Chief Burdick on the accreditation. He stated the department does a wonderful job with the many calls it receives. He said he was concerned with people getting burned out too quickly. He said the Fire Department has an easier time than the Police Department in hiring and training personnel.

Ms Schurhammer continued her slide presentation on scenario one. She said the remaining balance of funds available for supplementals, after addressing the priority and public safety supplementals, was approximately \$300,000. Those funds would be used for additional supplemental requests that address Council goals. Those additional requests include ongoing funding for a Fiesta Glendale event, an additional special events FTE, two code compliance inspectors and the neighborhood focus program. The remaining amount of ongoing General Fund capacity was \$8,000. After addressing one-time requests related to priority supplementals, and police and fire supplementals, there were one-time monies remaining to address Council goals. Specifically, the remaining one-time funding would be used for a half-time courtroom, a domestic violence contractual employee, two operations and training officers for the Emergency Operations Center, and one contractual code compliance prosecutor. The remaining one-time surplus was \$78,000.

Councilmember Goulet commented on some of the items that he believes could be put on hold such as the Fiesta Glendale event and the additional special events FTE, so more ongoing funds could be allocated to public safety. He said he would like to hold off on approving any supplemental requests until Council evaluates everything. He explained that he would like to see six code compliance inspectors hired.

Vice Mayor Martinez said he believes Council should take a closer look at all programs. He said he would be disappointed if the Fiesta Glendale request was not funded. He said the Council did not need to make a decision today.

Mayor Scruggs asked to discuss the vehicle replacement funds. She said the replacement funds in FY2007 were funded with ongoing funds for 75% of the General

Fund contributions and one-time funds for 25% of the General Fund contributions. She said the one time supplemental request equated to \$505,606, and the ongoing expense out of the General Fund was \$1.5 million. She also discussed the Technology Replacement Fund with the same 75% ongoing and 25% one-time split, which equates to \$1.2 million and \$403, 626 respectfully. Ms. Schurhammer stated that she was correct.

Mayor Scruggs asked about what appeared to be conflicting information relative to the contribution funds. Ms. Schurhammer explained that the General Fund made no contributions to the replacement funds for 19 months during an economic slowdown that began in FY2003. The enterprise funds, however, did continue to make 100% of the scheduled contributions for equipment used in enterprise fund operations. Since FY2005, General Fund contributions to the replacement funds have been phased back into place with the current fiscal year being the first time they were funded at the 100% contribution level since FY2002. Ms. Schurhammer said the replacement funds represent a sound business practice for operating, maintaining, and replacing critical tools that employees need to carry out their duties. She also explained that technology and vehicle needs in the police and fire departments comprise a significant portion of both replacement funds. She said the range of equipment covered by the technology replacement fund include legally required software licenses, maintenance contracts for primary hardware and software systems, and virus and security maintenance contracts.

Mayor Scruggs said she would like the Council to consider replacing some of the existing ongoing General Fund monies allocated to the replacement funds with one-time General Fund monies. Then the ongoing monies could be reallocated to the police department. There was some discussion among Councilmembers regarding this idea, but no consensus was reached.

Ms. Schurhammer presented scenario two to the Council. She said Council asked how the police and fire needs assessments could be implemented over a 3-4 year period. Pursuant to Council's request, a second budget scenario has been presented. The second scenario would allocate more resources to public safety to implement their needs assessments over a three to four year period. For example, under scenario one, 20 positions for police and fire could be added. Under scenario two, 67 positions could be added for police and fire.

Ms. Schurhammer explained that scenario two relied on an adjustment to the public safety sales tax rate from 1/10th of one cent (0.01) to one-half of one cent (0.05), an increase of 4/10^{ths} of one cent. She said the 4/10^{ths} of one cent increase equates to an additional 4 cents on every \$10 spent. Ms. Schurhammer also said Glendale's public safety sales tax has not changed since it was implemented by voter initiative in 1994.

Chief Conrad said scenario one would address some of his department's critical needs, but it does not fully address the needs identified in the police needs assessment presented to Council at the January 30, 2007, workshop. He said scenario two would allow implementation of his department's needs assessment in a 3-4 year period. He

noted that scenario two provides the funding needed to directly support the department's mission of protecting the lives and the property of the people they serve.

Vice Mayor Martinez asked Mr. Craig Tindall, City Attorney, if Council could approve a 4/10^{ths} of one cent increase or must the issue go to the voters. Mr. Tindall said Council could increase the tax without going to the voters; however, Council could put the measure on a ballot.

Councilmember Goulet asked Mr. Lynch if there had been any discussion about variations other than the 4/10^{ths} of one cent increase. Mr. Lynch said the 4/10^{ths} of one cent increase is based on implementation of the police and fire needs assessments over a 3-4 year period. He added that different scenarios and strategies were discussed.

Chief Burdick said scenario two would allow implementation of year one of fire's needs assessment in FY 2007-08. He explained that this would allow the department to increase the level of service to Glendale's citizens and improve response time by increasing staffing levels and providing the resources needed to provide excellent customer service.

Councilmember Lieberman said it was always difficult to raise taxes; however, Council had not raised taxes in sometime. He will give great consideration to both scenarios.

Ms. Schurhammer said all police and fire supplemental requests in the budget workbook would move to the public safety sales tax funds under scenario two. By doing so, approximately \$2.3 million would become available in the General Fund to address Council's goals as well as other organizational and community related needs. She listed some of Council's goals that could be addressed in the General Fund under scenario two.

Councilmember Clark said Glendale views itself as a first class city. She said the city should have first class public safety services and should not always be trying to catch up. She believes Council should approve the tax increase for public safety. She said she believes the citizens would approve it.

Vice Mayor Martinez complimented staff on bring forth two scenarios. He said this had been a good conversation. He said the ultimate goal for all was to have a top notch public safety department with high quality services.

Councilmember Goulet agreed with Vice Mayor Martinez's comments. He stated he would like to see further information on different scenarios, strategies and options before committing to an increase.

Councilmember Frate said this was a very important budget meeting. He reiterated that Council had made public safety a top priority. He noted that this was only the first budget meeting, and he would hold off on any decision being made until further

information was given.

Mayor Scruggs asked what kind of costs would be covered by the additional revenue proposed under scenario two. She also asked how long the increases would last before it would be revisited. She noted that she would like to see a yearly analysis as to what these funds would be used for and how long they would last. These and many issues would be discussed at the next budget meeting.

ADJOURNMENT

The meeting was adjourned at 5:00 p.m.